

## Message Text

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ACTION SS-25

INFO OCT-01 ISO-00 /026 W

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P 061101Z MAR 75

FM AMEMBASSY ATHENS

TO SECSTATE WASHDC 7765

C O N F I D E N T I A L SECTION 1 OF 3 ATHENS 1808

EXDIS

EO 11652: GDS

TAGS: EFIN GR

SUBJECT: COORDINATION MINISTER SUPPLIES ANSWERS TO  
QUESTIONS ON GREEK ECONOMY

REF: (A) STATE 18393; (B) ATHENS 1809; (C) BOUTON/  
DAY LETTER DATED 3/6/75, REG NO 2363386.

1. AT WORKING LUNCH MARCH 5, COORDINATION MINISTER PAPA-  
LIGOURAS DELIVERED TO AMBASSADOR GOG REPLIES TO QUESTIONS  
CONTAINED REF A. PAPALIGOURAS EMPHASIZED ANSWERS WERE AS  
CANDID AS POSSIBLE AND IN FACT CLOSELY FOLLOWED INFORMATION  
GIVEN RECENTLY TO IMF. IN SEPARATE MEMORANDUM (REF B),  
PAPALIGOURAS OFFERED INFORMATION BASED ON HIS MOST RECENT  
DATA WHICH UPDATES FEW ITEMS CONTAINED IN REPORT QUOTED  
BELOW. CORRECTED DATA IN MEMORANDUM WAS NOT AVAILABLE AT  
TIME OF IMF VISIT. PAPALIGOURAS REQUESTS THAT WE NOT  
RPT NOT SUPPLY CORRECTIONS TO IMF AS HE PRESUMABLY WILL  
WANT TO DO SO HIMSELF IF AND WHEN HE DEEMS  
IT APPROPRIATE. PAPALIGOURAS ALSO NOTED THAT A  
SEPARATE REPORT ON PROGRAMMED GREEK MILITARY EXPENDITURES  
WOULD BE FORTHCOMING. THOUGH SUCH A REPORT WAS NOT INCLUDED  
IN US REQUEST, COORDINATION MINISTER FELT IT WOULD ADD  
TO USG UNDERSTANDING OF FINANCIAL PROBLEMS GOG IS FACING.  
IN ADDITION, COORDINATION MINISTER SAID HE HAD INCLUDED NO  
PROJECTION FOR 1976/77. UNDER CONDITIONS OF ECONOMIC  
INSTABILITY WHICH GREECE PRESENTLY EXPERIENCING AND WHICH  
WILL UNDOUBTEDLY CONTINUE FOR UNKNOWN DURATION, HE FELT THAT  
SUCH PREDICTIONS WOULD BE USELESS. FINALLY, PAPALIGOURAS  
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POINTED OUT THAT MUCH OF DATA PRESENTED IN HIS REPORT NOT

GENERALLY KNOWN EVEN IN GOG AND ASKED THAT REPORT BE TREATED AS SENSITIVE INFORMATION. WE HAVE THEREFORE CLASSIFIED REPORT CONFIDENTIAL. AT SUCH TIME AS DEPT FEELS BROADER DISTRIBUTION WITHIN USG DESIRABLE, EXDIS CAN BE REMOVED. TABLES SUPPORTING PAPALIGOURAS WRITTEN RESPONSES BEING FORWARDED BY POUCH MAR 6, 1975, UNDER REGISTRY NUMBER 2363386. WRITTEN RESPONSES FOLLOW (LISTED IN SAME ORDER AS QUESTIONS IN REF A):

2. EXPORTS

(A) PREDICTED IXPOTS IN AGGREGATE AND BY MAJOR CATEGORIES FOR 1975 ARE GIVEN IN TABLE 1. OWING TO CONTINUING UNCERTAIN FUTURE DEVELOPMENTS IN WORLD TRADE WE ARE NOT ABLE AT PRESENT TO MAKE PROJECTIONS FOR 1976 AND 1977.

(B) I. THERE ARE NO FIXED GROWTH TARGETS, BUT EMPHASIS IS GIVEN ON EXPORTS OF LIGHT INDUSTRIAL AND PROCESSED AGRICULTURAL PRODUCTS.

II. PREDICTIONS FOR 1975 ARE GIVEN IN TABLE 1.

III. THERE ARE NO SPECIFIC TARGET MARKETS, BUT EXPORTS ARE EXPECTED TO BE INCREASINGLY DIRECTED TOWARDS THE EEC COUNTRIES AND THE USA.

(C) I. PETROLEUM PRODUCT EXPORTS ARE GIVEN IN TABLE 2.

II. PETROLEUM PRODUCTS ARE EXPORTED BY PRIVATELY OWNED OIL REFINERIES ACTING ON THEIR OWN. INTERNAL NEEDS IN PETROLEUM PRODUCTS ARE COVERED BY REFINERIES WHICH PARTICIPATE IN THE DOMESTIC MARKET ACCORDING TO AN EXISTING DISTRIBUTION SYSTEM.

(D) THE MAIN ADVANTAGE OF GREEK EXPORTS OF MANUFACTURES, TO THE EEC MARKET IS THAT NO TARIFFS ARE LEVIED ON THEM WHICH MEANS THAT GREEK EXPORTS ENJOY A PRICE ADVANTAGE VIS-A-VIS EEC IMPORTS OF SUCH PRODUCTS FROM THIRD COUNTRIES. OTHER ADVANTAGES ARE EXPECTED TO RESULT IN THE NEAR FUTURE FROM CLOSER TIES WITH EEC ESPECIALLY WITH RESPECT TO EXPORTS OF AGRICULTURAL PRODUCTS. THE SHARE OF GREEK EXPORTS TO EEC COUNTRIES AGAINST TOTAL

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EXPORTS AVERAGED IN THE PERIOD 1970-74 AROUND 40 PERCENT. THIS SHARE IS EXPECTED TO INCREASE AS A RESULT OF CLOSER TIES WITH EEC. THE SHARE OF EXPORTS OF AGRICULTURAL PRODUCTS, DURING THE SAME PERIOD, WAS 38 PC, OF MINERALS 40PC, AND OF MANUFACTURES 45PC. IT IS EXPECTED THAT THE SHARE OF AGRICULTURAL EXPORTS TO EEC WILL INCREASE IN THE FUTURE MORE THAN THE SHARE OF MANUFACTURES.

(E) AS IT IS KNOWN GREECE DOES NOT EXPORT CEREAL PRODUCTS. INSTEAD, IT IMPORTS A GREAT AMOUNT OF MAIZE AS WELL AS SMALL QUANTITIES OF BARLEY FOR ANIMAL FEEDING PURPOSES. EFFORTS ARE BEING MADE TO SUBSTITUTE IMPORTS OF MAIZE WITH DOMESTIC PRODUCTION.

(F) SUSPENSION OF EXPORTS WAS IMPOSED AS AN EMERGENCY MEASURE. GREECE IS AN IMPORTER OF ABOUT 80,000 METRIC TONS OF COTTONSEED OIL. PRODUCTION OF COTTONSEED CAKE, ON THE OTHER HAND, IS HIGHER THAN THE NEEDS. THE SURPLUS OF COTTONSEED CAKE IS EXPORTED. AS FOR OLIVE OIL, ITS ANNUAL PRODUCTION AVERAGES 200,000 M.T. TAKING INTO ACCOUNT THAT FUTURE DOMESTIC CONSUMPTION OF OLIVE OIL WILL BE AT A LEVEL OF 160,000 - 170,000 M.T. AND THAT NORMAL STOCKS NEEDED FOR CONTINGENCY PURPOSES WILL BE FORMED, THE QUANTITY OF OLIVE OIL AVAILABLE FOR EXPORT IN THE NEAR FUTURE IS ESTIMATED BETWEEN 30,000 TO 40,000 M.T./ P.A.

(G) I. PROSPECTS FOR GREEK MINERAL EXPORTS ARE GENERALLY GOOD ALTHOUGH PRICES FOR 1975 ARE EXPECTED TO BE LOW. INCREASES ARE EXPECTED IN EXPORTS OF MAGNESITE PRODUCTS, FERRO-NICKEL AND BAUXITE. ON THE CONTRARY, EXPORTS OF ALUMINIUM AND ALUMINA WILL REMAIN STABLE AROUND THE 1974 LEVELS, AS THE PRODUCTIVE CAPACITY OF THE EXISITING PLANT HAS BEEN EXHAUSTED.

II. BETTER EEC RELATIONS ARE EXPECTED TO AFFECT EXPORTS FAVORABLY, ESPECIALLY THOSE OF ALUMINIUM AND MAGNESITE PRODUCTS.

(H) I. THE POTENTIAL EXPORTS OF FRUIT AND VEGATABLES ARE MUCH HIGHER THAN PRESENT EXPORTS. AT PRESENT GREEK EXPORTS TO THE EUROPEAN MARKETS FACE STRONG COMPETITION FROM OTHER

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EXPORTERS OF FRUITS AND VEGETABLES. EXPORTS TO THE EEC COUNTRIES ARE EXPECTED TO INCREASE IN THE FUTURE AFTER

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INFO OCT-01 ISO-00 /026 W

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P 061101Z MAR 75

FM AMEMBASSY ATHENS

TO SECSTATE WASHDC 7766

C O N F I D E N T I A L SECTION 2 OF 3 ATHENS 1808

EXDIS

REACHING AN AGREEMENT WITH EEC ON AGRICULTURAL PRODUCTS.

II. INVESTMENT PLANS (GOVERNMENTAL AND PRIVATE) FOLLOW CLOSELY DEMAND DEVELOPMENTS IN FOREIGN MARKETS. THE GREEK GOVT FAVORS INVESTMENT IN THIS SECTOR NOT ONLY FOR ECONOMIC REASONS, BUT ALSO FOR SOCIAL REASONS AND REASONS OF REGIONAL DEVELOPMENT.

(I) THE EXCEPTIONALLY GOOD EXPORT PERFORMANCE OF THESE PRODUCTS, IN THE LAST 3-4 YEARS, IS EXPECTED TO CONTINUE BUT WITH A LOWER RATE OF INCREASE. CONCERNING TEXTILES, A NUMBER OF LICENSES HAS BEEN ISSUED FOR THE ESTABLISHMENT OF LARGE PLANTS AND THE EXPANSION OF EXISTING ONES, MAKING POSSIBLE SUBSTANTIAL INCREASES IN PRODUCTION.

(J) IT IS RATHER DIFFICULT TO QUANTIFY THE EFFECT OF POSSIBLE DEVALUATION ON GREEK EXPORTS SINCE RELATIVE STUDIES ON THIS FIELD HAVE NOT GIVEN CLEAR RESULTS. HOWEVER A SIGNIFICANT DEVALUATION WILL NO DOUBT IMPROVE THE COMPETITIVENESS OF EXPORTED GOODS AND UNDER CERTAIN CONDITIONS, INCREASE THE EXPORTED QUANTITIES. FURTHERMORE, THE EFFECT OF A DEVALUATION WILL DEPEND TO A LARGE EXTENT ON THE POLICY FOLLOWED BY COMPETING COUNTRIES.

(K) THE MAIN EXPORT INCENTIVES AND PROMOTION PLANS ARE AS FOLLOWS:

I. DRAWBACKS OF TARIFFS ON IMPORTED RAW MATERIALS AND CONFIDENTIAL

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OF DOMESTIC TAXES AND DUTIES.

II. CREDIT FACILITIES IN THE FORM OF LOWER INTEREST RATES ON LOANS GRANTED TO EXPORTERS.

III. DEDUCTION OF PROMOTION EXPENSES FROM EXPORTERS TAXABLE INCOME.

IV. SPECIFIC PROMOTION PROGRAMS UNDERTAKEN BY  
GOVT AGENCIES.

3. IMPORTS.

(A) I. PREDICTED LEVELS OF MAJOR CATEGORIES OF IMPORTS  
FOR 1975, UNDER NORMAL CONDITIONS, ARE GIVEN IN TABLE 3.

II. PAST EXPERIENCE HAS SHOWN THAT SELECTIVE  
IMPORTS RESTRAINTS AFFECT IMPORTS ONLY marginally.

III. THE RATIO OF INVESTMENT GOODS AND RAW MATERIALS  
TO CONSUMPTION GOODS IS SHOWN IN TABLE 3.

(B) ECONOMIC DEVELOPMENT AND ESPECIALLY INDUSTRIAL DEVELOP-  
MENT AFFECT DIRECTLY IMPORTS OF RAW MATERIALS AND CAPITAL  
GOODS. ON THE OTHER HAND, INDUSTRIAL AND AGRICULTURAL  
DEVELOPMENT IS EXPECTED TO SUBSTITUTE FURTHER THE IMPORT OF  
CERTAIN GOODS WITH DOMESTIC PRODUCTION.

(C) I. IMPORTS OF CRUDE PETROLEUM FOR DOMESTIC CONSUMPTION  
ARE ESTIMATED AS FOLLOWS:

1975 - 7.5 MILLION M.T.

1976 - 8.0 MILLION M.T.

1977 - 8.3 MILLION M.T.

II. MEASURES HAVE ALREADY BEEN TAKEN TO REDUCE DOMESTIC  
OIL CONSUMPTION. THESE MEASURES ARE:

(1) CONCERNING PUBLIC POWER CORPORATION (ELECTRICITY).  
IT IS PLANNED TO REDUCE THE SHARE OF PETROLEUM TO TOTAL  
FUELS USED IN THE PRODUCTION OF ELECTRICITY, FROM ITS  
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PRESENT LEVEL OF 40PC TO 20PC IN THE COURSE OF THE NEXT FEW  
YEARS.

(2) CONCERNING PRIVATE CONSUMPTION. PRICES OF  
GASOLINE, KEROSENE AND DIESEL OIL HAVE BEEN INCREASED  
CONSIDERABLY IN ORDER TO REDUCE THEIR CONSUMPTION. THE  
GOVT IS CONSIDERING TO TAKE FURTHER MEASURES IN THIS  
FIELD.

(D) I. GREECE IS SELF-SUFFICIENT IN WHEAT AND OTHER GRAINS  
USED FOR HUMAN CONSUMPTION. EXCEPTIONALLY, IN 1974, 152,000  
METRIC TONS OF WHEAT WERE IMPORTED, AS FARMERS PREFERRED TO  
STOCK THEIR PRODUCE INSTEAD OF SELLING IT TO THE STATE,  
OWING TO INTERNATIONAL ECONOMIC INSTABILITY. RECENTLY,

100,000 M.T. OF WHEAT HAVE BEEN USED AS ANIMAL FEED. THE POLICY ON WHEAT AIMS AT INCREASING ITS PRODUCTION AS MUCH AS POSSIBLE, NOT BY INCREASING ACREAGE BUT BY INCREASING YIELD PER STREMMMA. PART OF THIS INCREASE IN PRODUCTION WILL BE USED AS ANIMAL FEED.

II. CONSUMPTION OF MEAT AND DAIRY PRODUCTS IS, TO A GREAT EXTENT, MET BY DOMESTIC PRODUCTION AND ONLY A COMPARATIVELY SMALL PERCENTAGE OF IT IS IMPORTED. IMPORTS OF MEAT AND DAIRY PRODUCTS ARE EXPECTED TO DECREASE CONSIDERABLY IN THE FUTURE OWING: FIRST, TO THE ESTABLISHMENT OF A PLANT FOR THE PRODUCTION OF CONDENSED AND DRIED MILK AT THESSALONIKI, AND SECONDLY, TO THE GRADUAL SUBSTITUTION THAT TAKES PLACE OF PORK AND POULTRY FOR BEEF AND LAMB MEAT.

(E) I. ADVANCE DEPOSIT REQUIREMENTS HAVE DEFINITELY REDUCED IMPORTS OF CONSUMER GOODS. THESE ADVANCE DEPOSIT REQUIREMENTS ARE NON-DISCRIMINATORY AND APPLY TO IMPORTS FROM ALL SOURCES.

II. ONLY IN PERIODS OF EMERGENCY THE GOVT MAY DECIDE TO TAKE STRONGER, MORE DIRECT, RESTRICTIVE MEASURES.

III. FURTHER MEASURES ON ADVANCE DEPOSITS ARE UNLIKELY TO BE TAKEN IN NORMAL TIMES.

(F) RATIOS OF IMPORT DUTIES TO VALUE OF IMPORTS SUBJECT TO IMPORT DUTIES FOR 1970-1974 WERE: 1970-15.4PC; 1971 - CONFIDENTIAL

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15.0PC; 1972 - 13.4PC; 1973 - 12.2PC AND FOR 9 MONTHS OF 1974 - 11.5PC. RATIOS OF IMPORT DUTIES PLUS CONSUMPTION, TURNOVER AND OTHER TAXES IMPOSED ON IMPORTS TO VALUE OF IMPORTS SUBJECT TO IMPORT DUTIES FOR 1970-74 WERE: 1970 - 28.9PC; 1971 - 28.4PC; 1972 - 28.1PC; 1973 -25.5PC; AND FOR NINE MONTHS OF 1974 - 24.1PC. THE RATIO OF IMPORT DUTIES TO VALUE OF IMPORTS SUBJECT TO IMPORT DUTIES ARE EXPECTED TO DECLINE IN THE COMING YEARS. ON THE OTHER HAND IN 1975 CONSUMPTION AND TURNOVER TAXES HAVE BEEN INCREASED AND THEREFORE THE RATIO OF IMPORT DUTIES PLUS OTHER TAXES TO THE VALUE OF IMPORTS OF THAT YEAR WILL BE A LITTLE HIGHER THAN IN 1974. AFTER 1975 IT WILL START DECLINING AGAIN.

4. NET RECEIPTS, DONATIONS, ETC.

(A) I. EMIGRANTS AND WORKERS REMITTANCES HAVE SHOWN REMARKABLE INCREASE IN THE YEARS UNTIL 1973. REMITTANCES

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P 061101Z MAR 75

FM AMEMBASSY ATHENS

TO SECSTATE WASHDC 7767

C O N F I D E N T I A L SECTION 3 OF 3 ATHENS 1808

IN 1974 DECLINED BY 12 PC BUT IN 1975 THEY ARE EXPECTED TO CHANGE SLIGHTLY. PROSPECTS FOR 1976 AND 1977 ARE MORE OPTIMISTIC.

II. MASSIVE RETURN OF EMIGRANTS, ESPECIALLY DURING THIS PERIOD OF ECONOMIC RECESSION, COULD CREATE PROBLEMS. BUT IF THE RETURN OF EMIGRANTS IS GRADUAL, THEY ARE EXPECTED TO BE EASILY ABSORBED.

(B) I. SHIPPING RECEIPTS INCREASED SUBSTANTIALLY DURING THE LAST YEARS AND ESPECIALLY IN 1974. IN 1975 THESE REMITTANCES ARE EXPECTED TO SHOW A SLIGHT INCREASE ONLY. PROSPECTS FOR 1976 AND 1977 ARE MORE OPTIMISTIC.

II. PROSPECTS FOR THE SHIPPING INDUSTRY WILL BE GOOD, IF THE SUEZ CANAL REOPENS. GREEK SHIPYARDS WILL THEN BE BUSY REPAIRING AND SERVICING TANKERS AND BULK CARRIERS. IT IS ALSO EXPECTED THAT SHIPS OF GREEK OWNERSHIP WHICH ARE UNDER FOREIGN FLAG WILL BE TRANSFERRED TO THE GREEK FLAG.

(C) I. TOURISM GROWTH FOR 1975 IS EXPECTED TO BE LIMITED ALTHOUGH THE NUMBER OF FOREIGN TOURISTS IS ESTIMATED TO INCREASE BY ABOUT 20PC. IN 1974 THE NUMBER OF FOREIGN TOURISTS DECREASED BY AROUND 30PC. IN 1976 AND 1977 THE RATE OF GROWTH IS EXPECTED TO BE ABOVE 20PC.

II. THESE ESTIMATES HAVE TAKEN INTO CONSIDERATION WORLD CONDITIONS, OTHERWISE ESTIMATES WOULD HAVE BEEN MORE OPTIMISTIC.

III. IN THE LAST FEW YEARS INVESTMENT IN TOURIST  
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FACILITIES, ESPECIALLY IN HOTELS, HAS BEEN CONSIDERABLE. AS A RESULT THE NUMBER OF HOTEL BEDS INCREASED FROM 86,000 IN 1970 TO 143,000 IN 1974. PRESENTLY EFFORTS ARE BEING MADE TO COMPLETE THE HOTELS UNDER CONSTRUCTION. MEANWHILE, THE LONGER TERM PROGRAM OF INVESTMENT IN THE TOURIST SECTOR IS BEING REVISED DOWNWARD.

##### 5. CAPITAL MOVEMENTS

(A) AVAILABLE PROJECTIONS OF CAPITAL INFLOW FOR 1975 ARE GIVEN IN TABLE 4. OWING TO CONTINUING UNCERTAIN FUTURE DEVELOPMENTS IN WORLD ECONOMIES WE ARE NOT ABLE AT PRESENT TO MAKE PROJECTIONS FOR 1976 AND 1977.

(B) PROJECTIONS FOR SHORT- AND MEDIUM-TERM CAPITAL INFLOWS TO PRIVATE AND PUBLIC SECTORS ARE NOT AVAILABLE.

(C) FOREIGN FINANCING OF GROSS DOMESTIC ASSET FORMATION FOR THE PERIOD 1970-73 WAS AS FOLLOWS:  
1970-13PC; 1971-6.9CP; 1972-4.7PC; 1973-12-1PC. FOR 1974 FOREIGN FINANCING IS ESTIMATED TO COVER 13PC OF TOTAL GROSS DOMESTIC ASSET FORMATION AND FOR 1975 THIS PERCENTAGE IS NOT EXPECTED TO CHANGE MUCH. FROM 1976 ONWARD THIS PERCENTAGE IS EXPECTED TO DECLINE CONSIDERABLY. FOREIGN INVESTMENT IS ENCOURAGED THROUGH L.D. 2687 OF 1953, WHICH PROVIDES GUARANTEES TO FOREIGN INVESTORS, NECESSARY TO CARRY OUT INVESTMENTS IN GREECE.

A COMMITTEE ON FOREIGN INVESTMENT IS AT PRESENT WORKING OUT DETAILS WHICH WILL DIRECT FOREIGN INVESTORS TO DESIRABLE PRODUCTIVE ACTIVITIES. MEANWHILE, THE HELLENIC INDUSTRIAL DEVELOPMENT BANK AND OTHER INVESTMENT BANKS ARE IN CONTACT WITH FOREIGN INVESTORS, WHO ARE INTERESTED IN ESTABLISHING IN GREECE. THE GOVERNMENT ENCOURAGES SUCH INVESTMENT.

(D) I. THE PROJECTED AVAILABILITY OF ALL IMF DRAWINGS AND ASSISTANCE FROM NEW OIL FACILITIES FOR 1975 AMOUNTS TO \$180 MILLION.

II. THERE IS ALSO A LOAN GRANTED BY THE GOVT OF  
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THE FRG OF DM 60 MILLION FOR 1975, AND ANOTHER DM 60 MILLION FOR 1976.

III. A FRENCH LOAN OF FF 125 MILLION HAS BEEN SECURED.

IV. THERE ARE IBRD AND EUROPEAN INVESTMENT BANK



PROJECT LOANS.

6. DEBT

(A) FIGURES FOR PRIVATE AND PUBLIC FOREIGN DEBT ARE SHOWN IN TABLE 5.

(B) FIGURES FOR FOREIGN DEBT SERVICE PAYMENTS ARE SHOWN IN TABLE 6.

(C) FIGURES FOR FOREIGN DEBT SERVICE RATIOS ARE GIVEN IN TABLE 7.

(D) THE LIST OF GREEK GOVT AND PUBLIC CORPORATIONS DEBTS OWED TO THE USG AND AGENCIES IS GIVEN IN TABLES 8 AND 8A.

7. GENERAL

(A) SUMMARY FIGURES FOR BALANCE OF PAYMENTS ITEMS ARE SHOWN IN TABLE 4.

(B) FIGURES FOR PRESENT AND PROJECTED LEVELS OF FOREIGN EXCHANGE RESERVES ARE GIVEN IN TABLE 4.

(C) EXPERIENCE HAS SHOWN THAT THE REDUCTION OF CURRENT ACCOUNT DEFICIT CANNOT BE ATTAINED EASILY WITHOUT AFFECTING THE RATE OF ECONOMIC GROWTH. IN ADDITION TO IT, A POLICY OF IMPORT RESTRICTIONS IS CONTRARY TO INTERNATIONAL AGREEMENTS (GATT AND EEC). THE ALTERNATIVE POLICY IS TO ENCOURAGE EXPORTS, SUBSTITUTION OF IMPORTS AND INVISIBLE RECEIPTS.

(E) SINCE 1962, WHEN THE ASSOCIATION AGREEMENT BETWEEN GREECE AND THE EEC WAS PUT INTO EFFECT, TARRIFFS ON IMPORTED MANUFACTURERS FROM EEC COUNTRIES HAVE BEEN DECLINING.  
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TARIFFS ON GOODS OF THE 12 YEAR TRANSITION PERIOD (GOODS WHICH WERE NOT PRODUCED IN GREECE WHEN THE ASSOCIATION AGREEMENT WAS SIGNED) DISAPPEARED IN NOV 1974. TARIFFS ON GOODS OF THE 22 YEAR TRANSITION PERIOD, WHICH WILL DISAPPEAR IN 1984, HAVE ALREADY BEEN REDUCED BY 36PC. SO FAR NO SIGNIFICANT UNFAVORABLE EFFECTS ON DOMESTIC PRODUCTION OF MANUFACTURRS HAVE BEEN REPORTED. MEANWHILE, GREEK INDUSTRY HAS BEEN UNDERGOING REORGANIZATION AND MODERNIZATION, WHICH STRENGTHENED ITS COMPETITIVENESS, AS MANIFESTED IN INCREASING EXPORTS AND IN IMPORT SUBSTITUTION OF MANUFACTURERS. THE GREEK MANUFACTURERS ASSOCIATIONS HAVE REPEATEDLY STATED PUBLICLY THAT GREEK INDUSTRY IS READY TO ENTER THE EUROPEAN COMMON MARKET.

(F) THE GOVTS INTENTION IS TO PROCEED IN FLOATING THE DRACHMA. IN SUCH A CASE, EXCHANGE RATES VIS-A-VIS OTHER CURRENCIES WOULD BE DETERMINED DAILY BY THE BANK OF GREECE, ON THE BASIS OF A BASKET OF CURRENCIES, AMONG WHICH THE US DOLLAR.

(G) A LIST OF SELECTED MAJOR INFRASTRUCTURAL PUBLIC PROJECTS IS GIVEN IN TABLE 9.  
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## Message Attributes

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